



## ETF & Mutual Fund Rankings: Mid Cap Growth Style

The Mid Cap Growth style ranks last out of the twelve fund styles as detailed in our [3Q19 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Mid Cap Growth style ranked eleventh. It gets our Very Unattractive rating, which is based on an aggregation of ratings of nine ETFs and 359 mutual funds in the Mid Cap Growth style as of July 15, 2019. See a recap of our [2Q19 Style Ratings here](#).

Figure 1 ranks from best to worst the seven Mid Cap Growth ETFs that meet our liquidity standards and Figure 2 shows the five best and worst rated Mid Cap Growth mutual funds. Not all Mid Cap Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 13 to 1727). This variation creates drastically different investment implications and, therefore, ratings.

**Get the best fundamental research**

Investors seeking exposure to the Mid Cap Growth style should buy one of the Attractive-or-better rated ETFs or mutual funds from Figures 1 and 2.

Our [Robo-Analyst technology](#)<sup>1</sup> empowers our unique [ETF and mutual fund rating methodology](#), which leverages our rigorous analysis of each fund's holdings.<sup>2</sup> We think advisors and investors focused on prudent investment decisions should include analysis of fund holdings in their research process for ETFs and mutual funds.

**Figure 1: ETFs with the Best & Worst Ratings**

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	
<b>Best ETFs (only 2)</b>				
BFOR	25%	46%	20%	<b>Very Attractive</b>
IWP	8%	36%	53%	<b>Attractive</b>
<b>Worst ETFs</b>				
VOT	5%	31%	62%	<b>Unattractive</b>
JKH	2%	26%	71%	<b>Unattractive</b>
QMOM	4%	20%	65%	<b>Unattractive</b>
BOSS	11%	20%	60%	<b>Unattractive</b>
IPO	9%	9%	54%	<b>Unattractive</b>

\* Best ETFs exclude ETFs with TNAs less than \$100 million for inadequate liquidity.

Sources: New Constructs, LLC and company filings

Franklin LibertyQ U.S. Mid Cap Equity ETF (FLQM) and NuShares Nuveen ESG Mid Cap Growth ETF (NUMG) are excluded from Figure 1 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

<sup>1</sup> Harvard Business School features the powerful impact of our research automation technology in the case [New Constructs: Disrupting Fundamental Analysis with Robo-Analysts](#).

<sup>2</sup> This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.



Figure 2: Mutual Funds with the Best & Worst Ratings – Top 5

Ticker	Allocation of Mutual Fund Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
<b>Best Mutual Funds</b>				
MCMFX	33%	41%	22%	Very Attractive
MCMYX	33%	41%	22%	Very Attractive
MCMAX	33%	41%	22%	Very Attractive
IMIDX	11%	49%	39%	Attractive
VRMCX	6%	49%	34%	Attractive
<b>Worst Mutual Funds</b>				
RSMOX	4%	23%	69%	Very Unattractive
ETAGX	3%	12%	40%	Very Unattractive
HSOAX	6%	19%	65%	Very Unattractive
TAAGX	9%	17%	56%	Very Unattractive
OASGX	8%	19%	54%	Very Unattractive

\* Best mutual funds exclude funds with TNAs less than \$100 million for inadequate liquidity.

Sources: New Constructs, LLC and company filings

Barron's 400 ETF (BFOR) is the top-rated Mid Cap Growth ETF and AMG Managers Cadence Mid Cap Fund (MCMFX) is the top-rated Mid Cap Growth mutual fund. Both earn a Very Attractive rating.

Renaissance IPO ETF (IPO) is the worst rated Mid Cap Growth ETF and Optimum Small Mid Cap Growth Fund (OASGX) is the worst rated Mid Cap Growth mutual fund. IPO earns an Unattractive rating and OASGX earns a Very Unattractive rating.

**The Danger Within**

Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, [see what Barron's says](#) on this matter.

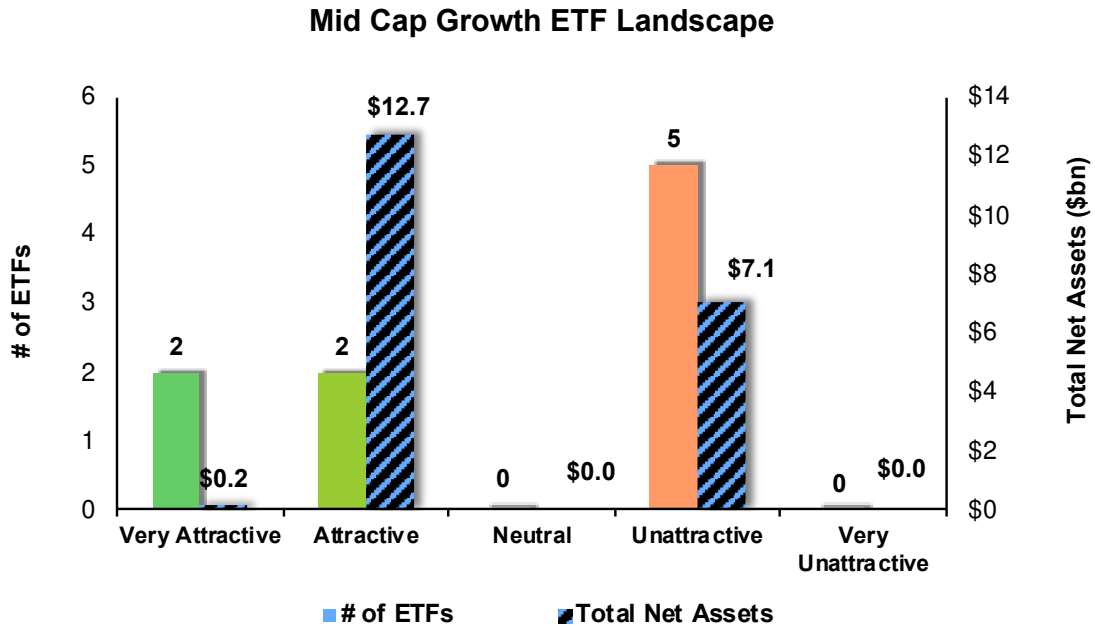
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

Analyzing each holding within funds is no small task. Our [Robo-Analyst technology](#) enables us to perform this diligence with scale and provide the [research needed](#) to fulfill the fiduciary duty of care. More of the biggest names in the financial industry (see [At BlackRock, Machines Are Rising Over Managers to Pick Stocks](#)) are now embracing technology to leverage machines in the investment research process. Technology may be the only solution to the dual mandate for research: cut costs and fulfill the fiduciary duty of care. Investors, clients, advisors and analysts deserve the latest in technology to get the diligence required to make prudent investment decisions.



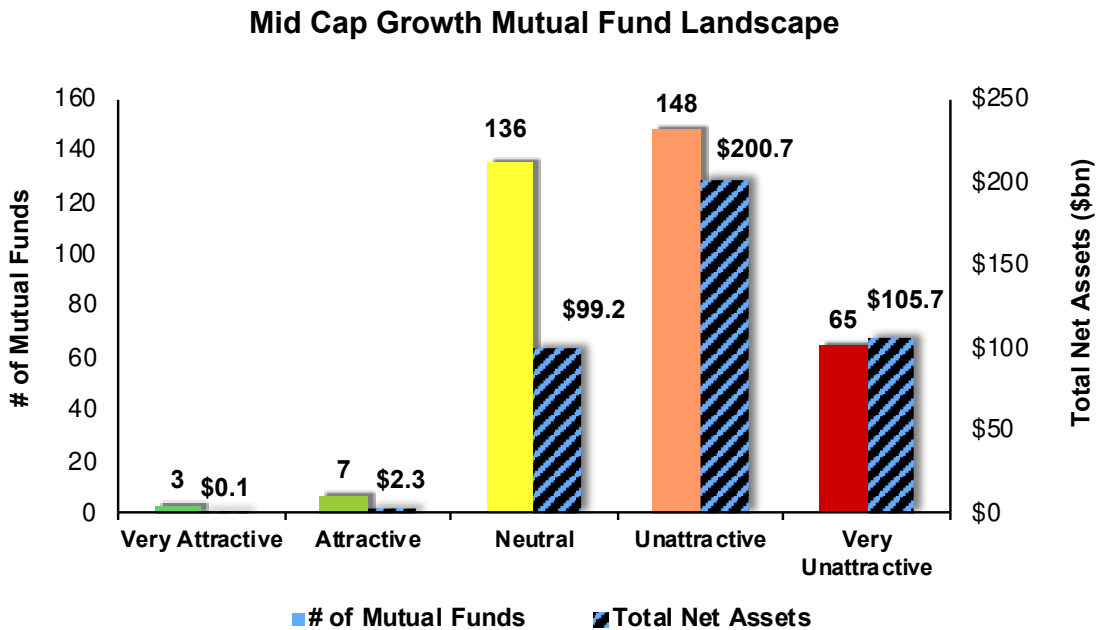
Figures 3 and 4 show the rating landscape of all Mid Cap Growth ETFs and mutual funds.

Figure 3: Separating the Best ETFs from the Worst Funds



Sources: New Constructs, LLC and company filings

Figure 4: Separating the Best Mutual Funds from the Worst Funds



Sources: New Constructs, LLC and company filings

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Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.

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Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

### ***To fulfill the Duty of Care, research should be:***

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

### ***Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale***

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.



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